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SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S SEVENTEENTH REQUEST FOR INFORMATION**

Question Staff No. 17-2:

Please refer to the rebuttal testimony of David A. Hodgson at page 8, lines 1-2 which states, "Included in the revenue requirement is the total tax expense of a utility – both currently payable and deferred or future owing taxes." Did the federal income tax expense included in the rates set by the PUCT in Docket No. 46449 include both the currently payable and deferred or future owing taxes? If the answer is no, provide a detailed explanation of how the federal income tax expense included in the rates set in that case did not include both currently payable and deferred or future owing taxes.

Response Staff No. 17-2:

Yes. The rates set by the Commission in Docket No. 46449 included currently payable and deferred taxes. The deferred taxes that were included in the rates established in Docket No. 46449 support the Company's inclusion of a separate return NOL in the ADFIT calculation in this docket. See the example laid out in the rebuttal testimony of Company witness Hodgson beginning with the question and answer on page 9, line 8.

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